

PURPOSE

The Michigan Department of Health and Human Services (MDHHS) manages and monitors outgoing grant awards to ensure they are administered in compliance with applicable laws, rules, regulations, and grant award provisions.

DEFINITIONS**2 CFR 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards**

The uniform administrative requirements, cost principles, and audit requirements for federal awards to non-federal entities.

Bureau of Audit, Reimbursement, and Quality Assurance (BARQA)

A Bureau within the Michigan Department of Health and Human Services (MDHHS), Financial Operations Administration.

Bureau of Purchasing (BoP)

A Bureau within the Michigan Department of Health and Human Services (MDHHS), Financial Operations Administration.

Grant Award

An award provided by MDHHS to a grantee (subrecipient or recipient) for the grantee to carry out a project or program for MDHHS to address a public benefit for the greater good. Grant awards do not include payments to a contractor under procurement contracts, or payments to an individual that is a beneficiary of a program.

Grantee

A non-federal entity that receives a grant award from MDHHS to carry out a project or program for MDHHS. This includes subrecipients receiving federally-funded grant awards, and recipients receiving grant awards with no federal funds.

Program Offices

Offices within the Michigan Department of Health and Human Services (MDHHS) that administer grant awards.

Recipient

A non-federal entity that receives a grant award from MDHHS to carry out a project or program for MDHHS that is not federally-funded.

Subaward

A grant award provided by MDHHS to a subrecipient for the subrecipient to carry out part of a federal award received by MDHHS.

Subawards do not include payments to a contractor under procurement contracts, or payments to an individual that is a beneficiary of a program.

Subrecipient

A non-federal entity that receives a subaward from MDHHS to carry out part of a federal program.

POLICY

The Bureau of Purchasing (BoP) will:

- Provide a Grant Agreement V. Procurement Contract Determination Form for Program Offices to use in determining relationship types.
- Review the Grant Agreement V. Procurement Contract Determination Form when necessary to validate the appropriate relationship determination was made by Program Offices.
- Ensure subawards include required components of 2 CFR 200.331(a), when available.

The Bureau of Audit, Reimbursement and Quality Assurance (BARQA) will:

- Provide a risk assessment tool and guidance for Program Offices to use in evaluating risk of grantees.
- Provide a monitoring activities menu and guidance for Program Offices to use in monitoring grantees.
- Verify that every subrecipient is audited as required by 2 CFR 200 Subpart F, and coordinate with Program Offices for the

issuance of management decisions on audit findings; see APA 211, Subrecipient Audit Report Monitoring.

Program Offices of MDHHS Administering Grant Awards will:

- Determine for each agreement it makes if it casts the party receiving the agreement in the role of a subrecipient/recipient of funds (grant award) or a contractor providing goods or services to MDHHS (procurement contract).
- Perform risk assessments annually on grantees.
- Develop an annual monitoring plan based on the results of the risk assessments.
- Perform monitoring activities on grantees as required and as deemed necessary based on the risk assessments, and as documented in their annual monitoring plan.
- Consider imposing specific grant award conditions if appropriate, or taking enforcement action against noncompliant grantees.
- Coordinate with BARQA on the issuance of management decisions on audit findings of subrecipients; see APA 211, Subrecipient Audit Report Monitoring.

PROCEDURE

Relationship Determinations

Bureau of Purchasing

Provide a Grant Agreement V. Procurement Contract Determination Form for Program Offices to use in determining relationship types.

Program Offices

- Determine for each agreement that a program office makes, if the agreement casts the party receiving the agreement in the role of a subrecipient/recipient of funds (grant award) or a contractor providing goods or services to MDHHS (procurement contract). Completion of the Grant Agreement V. Procurement Contract Determination Form is optional.

- Ensure subawards are identified to subrecipients as subawards in accordance with 2 CFR 200.331.

Bureau of Purchasing

Review provided Grant Agreement V. Procurement Contract Determination Forms to validate the appropriate relationship determination was made by Program Offices.

**Grant Award
Content****Bureau of Purchasing**

Ensure subawards are clearly identified to subrecipients as subawards and include the required components of 2 CFR 200.331(a) at the time of the subaward, and, if any of the elements change, include the changes in subsequent subaward modifications. When some of the information is not available, provide the best information available to describe the subaward.

Program Offices

Ensure special requirements to meet federal statutes, regulations, and the terms and conditions of the funding source are incorporated into the grant award agreement.

Ensure any additional requirements imposed by MDHHS on the grantee in order for MDHHS to meet its own responsibility to the funding source, including any required financial and performance reports, are incorporated into the grant award agreement.

**Grantee Risk
Assessments****BARQA**

Provide a risk assessment tool and guidance for Program Offices to consider using in evaluating risk of grantees. The risk assessment tool will include consideration of at least the following factors:

1. The size of the grant award.
2. The grantee's prior experience with the same or similar grant awards.
3. The results of previous audits including whether or not the grantee receives a single audit in accordance with Subpart F of

2 CFR 200, and the extent to which the same or similar grant award has been audited as a major program.

4. Whether the grantee has new personnel and/or frequent turnover of key staff.

Program Offices

Annually, assess each grantee's risk of noncompliance with statutes, regulations, and the terms and conditions of the grant award, by completing a risk assessment for each program, and include every grantee funded by the program.

Based on the completed risk assessment, categorize grantees in risk categories (high, moderate, low) for the purpose of determining the appropriate level of grantee monitoring.

Grantee Monitoring Plan

Program Offices

Annually, develop a monitoring plan based on the results of the risk assessment. The monitoring plan will include the minimum required monitoring elements for each grantee as identified below, and other additional monitoring for grantees based on the level of identified risk. The activities to be performed for each grantee will be specifically identified in the monitoring plan.

Grantee Monitoring

BARQA

Provide a monitoring activities menu and guidance for Program Offices to use in monitoring grantees.

Program Offices

Monitor the activities of grantees as necessary to ensure that grant awards are used for authorized purposes in compliance with statutes, regulations, and the terms and conditions of the grant award; and that grant award performance goals are achieved.

Document all monitoring activities to evidence completion.

Monitoring of each grantee **must** include:

1. Reviewing financial and programmatic reports required by MDHHS.
2. Following-up and ensuring that the grantee takes timely and appropriate action on all deficiencies pertaining to the grant award provided to the grantee from MDHHS detected through audits, on-site reviews, and other means.
3. Performing program specific monitoring that is required by statute, regulation, and/or grant award requirements.

Monitoring of the grantee **may** include, but is not limited to, the following depending on the risk assessment:

1. Providing the grantee with training and technical assistance.
2. Performing desk reviews of the grantee's records.
3. Performing on-site reviews of the grantee's records and/or operations.
4. Arranging for agreed-upon-procedures engagements for subrecipients as described in 2 CFR 200.425.

Based on the results of the grantee's audits, on-site reviews, or other monitoring, consider the following:

1. Imposing specific conditions upon a grantee, if appropriate. Conditions may include, but are not limited to, requiring additional, more detailed financial reports; requiring additional project monitoring; requiring the entity to obtain technical or management assistance; or establishing additional prior approvals.
2. Whether the results of the grantee's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to MDHHS's records.
3. Taking enforcement action against noncompliant grantees or subrecipients as described in 2 CFR 200.338, and/or in program regulations.

REFERENCES

2 CFR 200: Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, final guidance published December 26, 2013, with the Joint Interim Final Rule of

December 19, 2014 implementing the final guidance and making technical corrections.

FORMS

Grant Agreement V. Procurement Contract Determination Form (CM-0091).

Risk Assessment Tool.

Annual Contract Monitoring Plan Tool.

Monitoring Activities Menu.

CONTACT

For additional information concerning this policy, contact the MDHHS Bureau of Audit, Reimbursement and Quality Assurance at 517- 241-7599.